

# **Charter County of Wayne, Michigan**

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**Federal Awards  
Supplemental Information  
September 30, 2006**

# Charter County of Wayne, Michigan

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## Independent Auditor's Report

To the County Executive and  
County Commissioners  
Charter County of Wayne, Michigan

We have audited the financial statements that collectively comprise the Charter County of Wayne, Michigan's basic financial statements for the year ended September 30, 2006 and have issued our report thereon dated March 30, 2007, which included a reference to the reports of other auditors. Those basic financial statements are the responsibility of the management of the Charter County of Wayne, Michigan. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We did not audit the financial statements of the Mental Health Fund, a major governmental fund, which represents 6.83 percent and 33.43 percent of the assets and revenues, respectively, of the governmental activities. We also did not audit the financial statements of the following entities, which represent the following percents of total aggregate discretely presented component unit assets and revenue:

	Percent of Assets	Percent of Revenue
Wayne County Airport Authority	80.82	70.97
Detroit-Wayne County Stadium Authority	16.74	1.83
Wayne County-Detroit Community Development Entity, Inc.	0.01	0.01
Greater Wayne County Economic Development Corporation	-	0.09
Metropolitan Growth and Development Corporation	0.03	0.04
HealthChoice of Michigan	0.08	1.80
Regional Jobs and Economic Growth Foundation	0.01	0.07
Development Corporation of Wayne County	0.05	0.40

We also did not audit the financial statements of the Pension Trust Funds, which represent 73.44 percent and 31.52 percent of the assets and revenues, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Mental Health Fund, the Wayne County Airport Authority, the Detroit-Wayne County Stadium Authority, the Wayne County-Detroit Community Development Entity, Inc., the Greater Wayne County Economic Development Corporation, the Metropolitan Growth and Development Corporation, HealthChoice of Michigan, Regional Jobs and Economic Growth Foundation, the Development Corporation of Wayne County, and the Pension Trust Funds, are based on the reports of the other auditors.

To the County Executive and  
County Commissioners  
Charter County of Wayne, Michigan

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter County of Wayne, Michigan's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

March 30, 2007

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*

To the County Executive and  
County Commissioners  
Charter County of Wayne, Michigan

We have audited the financial statements of the government activities, business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter County of Wayne, Michigan as of and for the year ended September 30, 2006, which collectively comprise the Charter County of Wayne, Michigan's basic financial statements and have issued our report thereon dated March 30, 2007, which includes a reference to the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We did not audit the financial statements of the Mental Health Fund, a major governmental fund, which represents 6.83 percent and 33.43 percent of the assets and revenues, respectively, of the governmental activities. We also did not audit the financial statements of the following entities, which represent the following percents of total aggregate discretely presented component unit assets and revenue:

	Percent of Assets	Percent of Revenue
Wayne County Airport Authority	80.82	70.97
Detroit-Wayne County Stadium Authority	16.74	1.83
Wayne County-Detroit Community Development Entity, Inc.	0.01	0.01
Greater Wayne County Economic Development Corporation	-	0.09
Metropolitan Growth and Development Corporation	0.03	0.04
HealthChoice of Michigan	0.08	1.80
Regional Jobs and Economic Growth Foundation	0.01	0.07
Development Corporation of Wayne County	0.05	0.40

To the County Executive and  
County Commissioners  
Charter County of Wayne, Michigan

We also did not audit the financial statements of the Pension Trust Funds, which represent 73.44 percent and 31.52 percent of the assets and revenues, respectively, of the aggregate remaining fund information. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Mental Health Fund, the Wayne County Airport Authority, the Detroit-Wayne County Stadium Authority, the Wayne County-Detroit Community Development Entity, Inc., the Greater Wayne County Economic Development Corporation, the Metropolitan Growth and Development Corporation, HealthChoice of Michigan, Regional Jobs and Economic Growth Foundation, the Development Corporation of Wayne County, and the Pension Trust Funds, are based on the reports of the other auditors.

Our consideration of internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, grants, and other matters did not include the entities audited by the other auditors referred to in the previous paragraph. The findings, if any, of those other auditors are not included herein.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Charter County of Wayne, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to reportable conditions in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Charter County of Wayne, Michigan's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-1, 2006-2, 2006-3, 2006-4, 2006-5, and 2006-7.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2006-1, 2006-2, 2006-3, 2006-4, and 2006-7 to be material weaknesses.

To the County Executive and  
County Commissioners  
Charter County of Wayne, Michigan

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Charter County of Wayne, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as item 2006-6.

This report is intended solely for the information and use of the county executive, commission members, the Charter County of Wayne, Michigan's management, and others within the Charter County of Wayne, Michigan, officials of the State of Michigan, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

March 30, 2007

Report on Compliance with Requirements Applicable to Each Major Program and on Internal  
Control Over Compliance in Accordance with OMB Circular A-133

To the County Executive and  
County Commissioners  
Charter County of Wayne, Michigan

**Compliance**

We have audited the compliance of the Charter County of Wayne, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2006. The major federal programs of the Charter County of Wayne, Michigan are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Charter County of Wayne, Michigan's management. Our responsibility is to express an opinion on the Charter County of Wayne, Michigan's compliance based on our audit.

The Charter County of Wayne, Michigan's basic financial statements include operations of the Mental Health Fund, which received \$4,500,934 in federal awards and the Wayne County Airport Authority component unit which received \$12,055,000 in federal and state grants, which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2006. Our audit, described below, did not include the operations of the Mental Health Fund or the Wayne County Airport Authority because the Charter County of Wayne, Michigan engaged other auditors to perform audits in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter County of Wayne, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Charter County of Wayne, Michigan's compliance with those requirements.



To the County Executive and  
County Commissioners  
Charter County of Wayne, Michigan

As described in items 2006-8 through 2006-13, 2006-16, 2006-18, and 2006-19 in the accompanying schedule of findings and questioned costs, the Charter County of Wayne, Michigan did not comply with requirements regarding activities allowed and unallowed and allowable costs/cost principles that are applicable to the Community Development Block Grant, the Rouge National Wet Weather Demonstration Project and the VFC Vaccines; cash management for the Community Development Block Grant; suspension and debarment for the Urban Area Service Initiative; program income for Community Development Block Grant; reporting for Community Development Block Grant and Rouge National Wet Weather Demonstration Project; and subrecipient monitoring for Community Development Block Grant, Rouge National Wet Weather Demonstration Project, and Head Start. Compliance with such requirements is necessary, in our opinion, for the Charter County of Wayne, Michigan to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance items described in the preceding paragraph, the Charter County of Wayne, Michigan complied, in all material respects, with the requirements referred to above that are applicable to the Community Development Block Grant and Rouge National Wet Weather Demonstration Project programs. Also, in our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to Head Start, Title IV-D, VFC Vaccines, and Urban Area Security Initiative programs for the year ended September 30, 2006. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133, which are described in the accompanying schedule of findings and questioned costs as items 2006-8, 2006-14, 2006-15, and 2006-17.

### **Internal Control Over Compliance**

The management of the Charter County of Wayne, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Charter County of Wayne, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Charter County of Wayne, Michigan's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-9, 2006-10, 2006-11, 2006-13, 2006-16, 2006-17, 2006-18, and 2006-19.

To the County Executive and  
County Commissioners  
Charter County of Wayne, Michigan

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2006-9, 2006-10, 2006-11, 2006-13, 2006-18, and 2006-19 to be material weaknesses.

This report is intended solely for the information and use of the county executive, commission members, the Charter County of Wayne, Michigan's management, others within the Charter County of Wayne, Michigan, officials of the State of Michigan, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

June 15, 2007

# Charter Township of Wayne, Michigan

## Schedule of Expenditures of Federal Awards Year Ended September 30, 2006

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:		
Direct Program - Summer Food Program for Children	10.558	\$ 182,721
Passed through State Department of Education:		
Child Nutrition Cluster - National School Breakfast (Note 2)	10.553	90,398
Child Nutrition Cluster - National School Lunch (Note 2)	10.555	140,272
Nutrition Services/Food Distribution	10.568	116,132
Passed through Senior Alliance (Area Agency on Aging) -		
Nutrition Services	10.550	725,429
Passed through State Department of Public Health -		
Special Supplemental Food	10.557	<u>1,919,394</u>
Total U.S. Department of Agriculture		3,174,346
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Direct Programs:		
Community Development Block Grant (Note 5)	14.218	5,625,898
Community Development Block Grant (Hamtramck Grand Haven -		
Section 108 Loan) (Note 5)	14.218	107,504
Community Development Block Grant (Hamtramck - Joseph		
Campau Section 108 Loan) (Note 5)	14.218	102,167
EDI Special Project	14.251	65,236
Emergency Shelter Grant (McKinney Act for the Homeless)	14.231	241,847
Home Investment Partnership	14.239	2,849,912
Supplemental Assistance to the Homeless	14.510	174,569
Passed through the City of Taylor -		
Community Development Block Grant	14.218	<u>4,000</u>
Total U.S. Department of Housing and Urban Development		9,171,133

# Charter County of Wayne, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2006

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE:		
Direct Programs:		
Federal Forfeited Property	16.000	\$ 1,493,976
Juvenile Accountability Incentive Block Grant	16.523	95,326
Wayne County Mentoring Initiative	16.541	56,885
Wayne County Teen Court Initiative	16.541	71,358
National CASA Grant	16.547	35,487
Project Safe Neighborhood Weed & Seed	16.609	32,917
Passed through Michigan Department of State Police:		
Operation Spotcheck	16.579	312,326
FY 2005 SCAAP	16.606	41,857
Passed through Michigan Department of Human Services -		
Family Independence Agency (FIA):		
Offender Reentry -Going Home Program	16.202	101,613
Juvenile Accountability Incentive Block Grant	16.523	508,808
Passed through Michigan Department of Community Health:		
Crime Victim Assistance	16.575	841,710
Edward Byrne Memorial Formula Grant	16.738	130,000
Byrne Memorial Justice Assistance Grant	16.738	335,029
Truant Net	16.738	68,538
Passed through State Office of Community Oriented Policing -		
COPS in School Grant	16.710	275,659
Passed through State Office of Drug Control Policy:		
Blitz & Broom	16.579	369,581
Missing Child Rescue	16.579	150,552
OUIL Apprehension Program	16.579	223,133
Byrne State and Local Discretionary Grant	16.579	71,909
Law Enforcement	16.579	157,513
Project Fresh Start	16.579	45,694
Technology I	16.710	83,338
Homeland Security	16.710	400,591
Justice Assistance Grant	16.738	799,560
Passed through the City of Detroit -		
Encourage Arrests and Personal Protection Orders	16.590	85,870
Passed through the State of Michigan -		
Byrne Discretionary Grant	16.580	81,009
Total U.S. Department of Justice		6,870,239

# Charter County of Wayne, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2006

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION:		
Passed through Michigan Department of Transportation - Highway Planning and Construction (Note 3)	20.205	\$ 1,647,300
Passed through Michigan Department of State Police - Safety Belt Enforcement Task Force	20.600	<u>63,961</u>
Total U.S. Department of Transportation		1,711,261
U.S. ENVIRONMENTAL PROTECTION AGENCY:		
Direct Programs:		
Rouge Nat'l Wet Weather Demo Project	66.606	15,798,594
Brownfield Pilots Cooperative Agreements	66.811	442,411
Passed through Michigan Department of Health:		
Cap Grant for the Drinking Water Revolving Fund	66.468	75
Operator Certification Expense Reimbursement Grant	66.471	400
Passed through Michigan Department of Treasury - Downriver Sewage Disposal System (SRF)	66.458	1,255,169
Passed through Michigan Department of Environmental Quality - Great Lakes Bathing Beaches Monitoring Program	66.472	<u>15,308</u>
Total U.S. Environmental Protection Agency		17,511,957
U. S. DEPARTMENT OF ENERGY:		
Passed through Michigan Family Independence Agency - Weatherization Assistance for Low-income Persons	81.042	566,538
FEDERAL EMERGENCY MANAGEMENT AGENCY:		
Passed through Michigan Department of State Police - Hazard Mitigation	83.548	60,811

# Charter County of Wayne, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2006

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:		
Passed through Wayne County Regional Educational Service Agency:		
Part C/Early On	84.181	\$ 148,550
Great Parent, Great Start	84.359	10,650
Passed through University of Detroit, Mercy -		
Federal Work Study - Prosecutor's Internship Program	84.033	31,394
Total U.S. Department of Education		190,594
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Direct Programs:		
Reproductive Health Earmarks	93.285	1,217
Head Start	93.600	21,811,586
Child Support Demonstration/Special Projects	93.601	43,784
HRSA Infant Mortality	93.888	75,549
Passed through Area Agency on Aging:		
Aging Cluster - Senior Community Service Program	93.044	8,251
Aging Cluster - Nutrition Services	93.045	1,632,094
National Family Caregiver Support	93.052	14,308
Passed through Michigan Department of Public Health:		
TB Control	93.116	53,792
Child Lead Poisoning	93.197	50,000
Family Planning Services	93.217	50,718
Infant Immunization Initiative	93.268	506,737
VFC Vaccines	93.268	3,996,440
Medicaid Outreach and Advocacy	93.778	32,633
Crippled Children	93.778	350,193
Medical Assistance Program - Infant Mortality Coalition	93.778	65,000
AIDS Counseling and Testing	93.940	199,966
Venereal Disease	93.977	86,326
Preventive Health and Services	93.991	41,151
Maternal and Child Health Services Block Grant	93.994	129,236
Maternal and Infant Care	93.994	507,455
MIC - Maternal Support	93.994	299,428

# Charter County of Wayne, Michigan

## Schedule of Expenditures of Federal Awards (Continued) Year Ended September 30, 2006

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued):		
Passed through Michigan Department of Human Services - FIA:		
Child Visitation Services	93.556	\$ 200,000
Title IV-D	93.563	21,516,569
Dads From Day One	93.564	222,228
LIHEAP	93.568	231,862
Title IV-E Foster Care	93.658	122,000
Passed through Michigan Department of Community Health -		
Bioterrorism Supplemental Grant	93.283	870,686
Passed through the Substance Abuse and Mental Health Services		
Administration (SAMHSA) - Anti-Addiction Treatment Program	93.243	<u>205,245</u>
Total U. S. Department of Health and Human Services		53,324,454
DEPARTMENT OF HOMELAND SECURITY		
Passed through the Michigan State Police:		
Homeland Security Cluster - Training Grant	97.004	91,401
Homeland Security Cluster - State Homeland Security CERT Grant Program	97.004	19,976
Urban Area Security Initiative Grant	97.008	4,215,480
2006 Marine Safety Program	97.012	18,590
2002 PDMP Planning Grant	97.047	141,714
Citizen Crop Grant Program	97.053	40,232
Homeland Security Cluster - Emergency Management Performance Grant	97.067	<u>39,239</u>
Total Department of Homeland Security		<u>4,566,632</u>
Total federal awards		<u>\$ 97,147,965</u>

# **Charter County of Wayne, Michigan**

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## **Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2006**

### **Note 1 - Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter County of Wayne, Michigan (the "County") and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **Note 2 - Food Distribution Program**

The Wayne County Youth Home receives funding for administration of commodities under the Nation School Lunch Program. Reimbursements for administration of the program are reported on the schedule of expenditures of federal awards (CFDA Nos. 10.553 and 10.555). The value of the commodities received during the fiscal year was \$25,488. The County's Emergency Food Assistance Program (TEFAP) also receives funding for administration of commodities. The program is reported on the schedule of expenditures of federal awards (CFDA No. 10.568). The value of commodities received during the fiscal year was \$302,154.

### **Note 3 - Highway Planning and Construction Program**

The County participates in 22 separate road, street, and bridge construction and repair projects, which are primarily administered by the State of Michigan Department of Transportation. The projects, which are controlled by the State, are recorded in the County's general ledger and amounted to \$9,955,441. The federal financial assistance administered directly by the State has not been included in the tests of compliance with laws and regulations associated with the County's single audit.



# Charter County of Wayne, Michigan

## Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2006

### Note 4 - Subrecipient Awards

Of the federal expenditures presented in the schedule of expenditures of federal awards, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
Headstart	93.600	\$ 20,074,748
Rouge National Wet Weather Demo Project	66.606	13,118,038
Community Development Block Grant	14.218	4,865,608
CDBG - Hamtramck Section 108 Loan - Grand Haven	14.218	107,504
CDBG - Hamtramck Section 108 Loan - Joseph Campau	14.218	102,167
Home Investment Partnership	14.239	2,292,241

### Note 5 - HUD Section 108 Loans

The U.S. Department of Housing and Urban Development (HUD) awarded Section 108 guaranteed loans to the City of Hamtramck in the aggregate amount of \$1,514,313 in fiscal year 2004. The loan represents pass-through funds from the County of Wayne to the City of Hamtramck for the purpose of housing and economic redevelopment. The City of Hamtramck also received \$650,000 in federal grant funding from the Brownfield Economic Development Initiative (BEDI) in fiscal year 2004. The City of Hamtramck was not eligible to apply directly to HUD for BEDI and Section 108 funding since the City of Hamtramck participates in the County of Wayne's HUD loan program for the purpose of receiving federal Community Development Block Grant (CDBG) funds. Consequently, the County of Wayne applied for, and was awarded, the funding. BEDI is designed to help cities redevelop abandoned, idled, or underutilized industrial and commercial facilities where redevelopment is complicated by real or perceived environmental contamination. A BEDI grant must be used in conjunction with a Section 108 guaranteed loan commitment. The BEDI grant activity is disclosed on the schedule of expenditures of federal awards under CFDA 14.218, and the CDBG housing portion received by the County of Wayne is disclosed on the schedule of expenditures of federal awards under CFDA 14.218.

The expenditures related to the Section 108 guaranteed loan activity are disclosed on the schedule of expenditures of federal awards under CFDA 14.218. Loan repayment commenced in 2005. Collateral for repayment of the funds includes future Community Development Block Grant entitlements due to the City of Hamtramck from HUD, passed through the Charter County of Wayne, Michigan.

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs Year Ended September 30, 2006

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified?   X   Yes        No
- Reportable conditions identified that are not considered to be material weaknesses?   X   Yes        None reported

Noncompliance material to financial statements noted?   X   Yes        No

#### Federal Awards

Internal control over major programs:

- Material weaknesses identified?   X   Yes        No
- Reportable conditions identified that are not considered to be material weaknesses?   X   Yes        None reported

Type of auditor's report issued on compliance for major programs (each major program listed separately):

#### CFDA

Numbers	Name of Federal Program or Cluster	Opinion
93.268	VFC Vaccines/Infant Immunization Initiative	Unqualified
97.008	Urban Area Security Grant	Unqualified
93.600	Head Start	Unqualified
66.606	Rouge National Wet Weather Demonstration Project	Qualified
93.563	Title IV-D Child Support Enforcement	Unqualified
14.218	Community Development Block Grant	Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?   X   Yes        No

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section I - Summary of Auditor's Results (Continued)

#### Federal Awards (Continued)

Identification of major programs:

CFDA		
Numbers	Name of Federal Program or Cluster	Opinion
93.268	VFC Vaccines/Infant Immunization Initiative	Unqualified
97.008	Urban Area Security Grant	Unqualified
93.600	Head Start	Unqualified
66.606	Rouge National Wet Weather Demonstration Project	Qualified
93.563	Title IV-D Child Support Enforcement	Unqualified
14.218	Community Development Block Grant	Qualified

Dollar threshold used to distinguish between type A and type B programs: \$2,914,439

Auditee qualified as low-risk auditee?      ☐ Yes      ☒ No

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section II - Financial Statement Audit Findings

Reference Number	Findings
2006-1	<p><b>Journal Entries</b></p> <p><b>Finding Type</b> - Material weakness/Reportable condition</p> <p><b>Criteria</b> - An appropriate segregation of duties should exist between staff who create, approve, and post entries to the general ledger system.</p> <p><b>Condition</b> - Twenty employees, including several department of technology employees can create, approve, and post their own batches.</p> <p><b>Effect</b> - Inappropriate or unauthorized journal entries could be posted to the general ledger system.</p> <p><b>Cause</b> - Policies regarding segregation of duties are not consistently applied.</p> <p><b>Recommendation</b> - Staff who create or post entries should not also approve their own journal entries. Department of technology employees should not be able to create, approve, and post journal entries to the general ledger.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Management and budget has a regular review of all employees that can approve batches. Management and budget created procedures for approval and posting of journal entries that require a limited number of managers to post manually created journal entries to the JD Edwards system. Certain system limitations provide challenges for input and approval access in central accounting, which must have the ability to initiate its own journal entries and approve and post entries from the user departments. Management and budget, in collaboration with DOT is researching and developing access reconfiguration which would no longer allow certain central accounting staff to both input and approve and post their own journal entries. This reconfiguration is expected to be complete in June 2007. In the meantime, appropriate manual review procedures over manual journal entry preparation and approval have been put in place to mitigate the risk of entries being initiated and approved by the same individuals.</p> <p>The County is currently upgrading its AS 400 platform. During FY 06-07, the County will upgrade its general ledger system, which will provide enhanced capabilities to address weaknesses in system functionality and documentation.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2006-2	<p><b>Information Technology Application Changes</b></p> <p><b>Finding Type</b> - Material weakness/Reportable condition</p> <p><b>Criteria</b> - Changes to programs should be made only by authorized staff, followed by proper monitoring.</p> <p><b>Condition</b> - Segregation of duties does not exist between certain programmers and persons who develop program changes and those who move the changes to production. In addition, changes to programming are not monitored.</p> <p><b>Effect</b> - Changes could be made to programs that are inappropriate. In addition, inappropriate changes may not be discovered in a timely manner.</p> <p><b>Cause</b> - Procedures are not in place to segregate the programming code responsibility from production.</p> <p><b>Recommendation</b> - The individuals who make program changes should not have the ability to promote program changes into the production environment. In addition, any program changes should be monitored.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - This will be implemented by reallocating existing staff. The department of technology will request additional funds to insure the reallocation of personnel does not diminish the production levels. It is important to note that on January 26, 2007, the department rolled out a comprehensive change management policy. All changes will be tracked, documented, reviewed, and implemented after approval. The change management tool will be utilized to facilitate administrative control over modifications of the production environment. All requests are reviewed and approved prior to being applied to the production environment.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2006-3	<p><b>User Administration Process - Timely Notification</b></p> <p><b>Finding Type</b> - Material weakness/Reportable condition</p> <p><b>Criteria</b> - The department of technology should be notified in a timely manner when a user transfers jobs or is terminated so that access rights can be terminated.</p> <p><b>Condition</b> - The department of technology is not always notified in a timely manner, if at all, when a user transfers jobs or is terminated.</p> <p><b>Effect</b> - Long delays were noted between the date a user is terminated and the date that the department of technology was notified and actually disabled the user's account.</p> <p><b>Cause</b> - The current process for job transfers and terminations is initiated by individual managers rather than a centralized authority, such as Human Resources.</p> <p><b>Recommendation</b> - Management should redesign the current user administration policy so that notification of any job transfer or terminations comes from a central authority. This would ensure that IT is notified promptly when a user is transferred or terminated.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Discussions with the human resource department have been initiated. The human resource department will issue a new policy/procedure that requires all County managers to immediately notify HR (via submission of required separation form (the department of technology computer access form) when an employee is terminated. For those employees who transfer, the human resource department will create a notification system that will inform the Department of technology as soon as the action is entered in the PeopleSoft HR Information System. Once notified, the department of technology will execute its standard operating procedures to ensure that the user accounts, access rights, and other technology privileges are disabled, deleted, or modified.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2006-4	<p><b>Bank Reconciliations</b></p> <p><b>Finding Type</b> - Material weakness/Reportable condition</p> <p><b>Criteria</b> - All bank accounts should be fully reconciled on a monthly basis.</p> <p><b>Condition</b> - While the County prepared timely bank reconciliations throughout the year, there remains an unreconciled difference of approximately \$7 million between the Treasurers RESIQ2 system and the bank balance.</p> <p><b>Effect</b> - Bank accounts that are not fully reconciled on a monthly basis are more susceptible to errors or irregularities that are not discovered in the normal course of business.</p> <p><b>Cause</b> - The County believes that the unreconciled difference is potentially the result of voided checks that have not been removed from the outstanding checklist.</p> <p><b>Recommendation</b> - The County needs to implement procedures to ensure that all reconciling items are identified and resolved in a timely manner.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The treasurer's office had consistently had a number of vacant accountant positions, which has hampered its ability to complete bank reconciliations on a timely basis. The Treasurer's department has now filled its vacant positions and staff is in the process of investigating the unresolved differences. These differences are expected to be resolved during fiscal year 2006/2007.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2006-5	<p><b>Information Technology Access Rights</b></p> <p><b>Finding Type</b> - Reportable condition</p> <p><b>Criteria</b> - Access to various IT functions should be limited to those that require access for their positions and access rights should be periodically reviewed.</p> <p><b>Condition</b> - The following conditions exist:</p> <ul style="list-style-type: none"><li>• The process to add, change, or remove a user's access rights does not require formal documentation of approvals.</li><li>• The County is frequently using the rights of another employee as the model for assigning rights to a new user.</li><li>• There is no formalized process in place to periodically review user access rights granted to JDE World.</li><li>• Many users have profiles that allow them access to menus that allow for creation and modification of user profiles, editing and deleting of logs, and changing of user access rights.</li><li>• Twenty user profiles have command line access which allows for overrides in initial settings specified by the security administrators.</li></ul> <p><b>Effect</b> - Unauthorized system access could take place.</p> <p><b>Cause</b> - Policies and procedures for initial access and ongoing access are not robust enough.</p> <p><b>Recommendation</b> - Management should review the current process to ensure that all approvals related to adding, changing, or removing user access is documented, retained, and periodically reviewed. A role-based access model should be implemented to determine what access rights are necessary for each position. In addition, access to JDE World Administrator and command line access should be reviewed and limited.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - A new user standard operating procedure was implemented in January 2007 titled "System User Account Rights for Financial System" to review and validate that current system access rights and privileges are appropriate. The user system access reviews will take place at regularly scheduled intervals.</p>



# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2006-6	<p><b>Revenue Sharing Reserve Fund</b></p> <p><b>Finding Type</b> - Noncompliance material to the financial statements</p> <p><b>Criteria</b> - The County transferred more out of the Revenue Sharing Reserve Fund than its allowable spending limit, as determined by the State.</p> <p><b>Condition</b> - In 2004, the State of Michigan enacted Public Act 357, which requires a gradual shift of County property tax levies from winter to summer as a substitute funding mechanism to state revenue sharing. In 2005, the first year of the Act, the County recorded a transfer of one-third of the December 2004 levy for taxes from the General Fund to the newly created Revenue Sharing Reserve Fund. To replace the revenue-sharing payments suspended by the State, the Act allows for a portion of these taxes to be transferred back to the General Fund each year. For the year ended September 30, 2005, the County transferred \$18,943,677 in excess of its allowable spending, to the General Fund.</p> <p><b>Effect</b> - The transfer of additional funds does not impact total available funds over the life of the Revenue Sharing Reserve Fund, but it does represent excess spending for the year ended September 30, 2005, which is a violation of the Act.</p> <p><b>Cause</b> - The County transferred funds it believed were available to them to replace the suspended revenue-sharing payments.</p> <p><b>Recommendation</b> - The County should limit future transfers to the amount allowed, as determined by the State.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Due to the proper application of generally accepted accounting principles, the implementation of Public Act 357 created an unanticipated revenue shortfall for the County. Prior to making the additional transfer in fiscal year 2005, the County notified the State that it would be transferring an amount in excess of the allowable spending in order to cover this shortfall. The County intends to limit future transfers to the amount allowed, as determined by the State. This transfer of additional funds does not impact total available funds over the life of the Revenue Sharing Reserve Fund, use of which is expected to sunset in fiscal year 2009.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2006-7	<p><b>Revenue Recognition</b> - Road projects</p> <p><b>Finding Type</b> - Material weakness/Reportable condition</p> <p><b>Criteria</b> - Revenue should be recognized related to advances received from communities as the work is completed on road projects.</p> <p><b>Condition</b> - During the year, there were several work orders that were properly recorded as a liability when the project began, but not recognized as revenue upon completion of the project.</p> <p><b>Effect</b> - Revenue in the Road Fund was understated by a material amount.</p> <p><b>Cause</b> - Projects do not appear to undergo a timely review for revenue recognition related to advances.</p> <p><b>Recommendation</b> - While some of these errors were corrected as a result of the financial statement audit, the County should perform monthly reconciliations of advance accounts to ensure revenue is recorded in a timely manner.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - Upon initiation of a new construction project, the road department receives an advance from local communities for 50 percent of their share of the construction costs, which is accounted for as a liability. Throughout the term of the project, the accounts receivable division receives percentage completion reports from the Michigan Department of Transportation, which indicate the amount paid to the contractor to date. The amount paid to date is used to determine the amount of revenue to be recognized by the Road Department. The County recognizes that a procedure needs to be developed and implemented that ensures the timely reconciliation of these liability accounts in order to ensure proper revenue recognition. As the volume of reports received is minimal each month, the County has determined that quarterly reconciliations are adequate. These reconciliations will be completed each quarter effective June 30, 2007.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings

Reference Number	Findings
2006-8	<p><b>Program Name</b> - Community Development Block Grant, CFDA #14.218</p> <p><b>Finding Type</b> - Other noncompliance</p> <p><b>Criteria</b> - OMB Circular A-133 requires reporting of activities to the cognizant agency, and these activities should be supported by the County's general ledger. The County is required to submit a Comprehensive Annual Performance Report (CAPR) to HUD annually for the grant year.</p> <p><b>Condition</b> - The CAPR is not reconciled to the County's general ledger before submission to HUD.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - Subsequent to submission of the CAPR to HUD, the County performed a reconciliation of the general ledger to the CAPR report, noting an unreconciled difference of less than \$10,000.</p> <p><b>Cause and Effect</b> - The grant year end is June 30, and the County fiscal year end is September 30, thereby creating the time period covered by the CAPR spanning two County fiscal years. Due to the inconsistent time frame, the County reconciles the IDIS drawdown request submitted to HUD. This could result in the CAPR not being supported by the County's general ledger.</p> <p><b>Recommendation</b> - The County should reconcile the annual submission of the CAPR to the general ledger prior to submission to HUD.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The community development division will perform a reconciliation of the general ledger to the Comprehensive Annual Performance and Evaluation Report (CAPR). The difference is due to the fact that the grant year is June 30 while the County's fiscal year is September 30. The division will account for the accruals and corrective entries at year end in order to reconcile both reports.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-9	<p><b>Program Name</b> - Community Development Block Grant, CFDA #14.218</p> <p><b>Finding Type</b> - Material noncompliance/Material weakness/Reportable condition</p> <p><b>Criteria</b> - OMB Circular A-133 and Circular A-87 require the County to ensure that reimbursement requests are submitted net of program income received. In addition, the Circulars indicate that in reimbursement situations, drawdown requests must be for immediate needs. These provisions require the County's subrecipient entities to follow the same guidelines for submitting reimbursement requests net of program income.</p> <p><b>Condition</b> - The County allows its subrecipients to manage their program income funds and requires them to submit quarterly reports related to income and expenses from program income. The County does not currently have a system in place to ensure vouchers submitted by subrecipients are being netted with appropriate program income prior to the approval of the request.</p> <p><b>Questioned Costs</b> - Unknown</p> <p><b>Context</b> - The County approves subrecipient vouchers that are not appropriately netted with the subrecipients program income. Total unspent program income at September 30, 2006 was \$427,072 per the quarterly program income information provided by the subrecipients.</p> <p><b>Cause and Effect</b> - The County does obtain quarterly program income information from the subrecipients; however, the program income is not offset against voucher request. The County has no internal control procedures over this activity, which resulted in the improper drawdown of grant monies for needs that were not immediate.</p> <p><b>Recommendation</b> - The County should implement internal control procedures to ensure that all subrecipient vouchers appropriately net program income in determining the reimbursement amount. Additionally, the County should ensure that the subrecipient includes the unspent program income in the next voucher to appropriately utilize that income to cover the subrecipients' immediate needs.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

Reference Number	Findings
2006-9 (Continued)	<b>Views of Responsible Officials and Planned Corrective Actions</b> - The community development division with the help of the management and budget department, is designing a new program income reporting system for grantees that will include more detail on the expenses that grantees are charging to program income. Furthermore, the affidavit that grantees submit to the County when they request to receive reimbursement will be revised to require the grantees certify that all revolving loan funds and program income funds be encumbered before requesting the draw of entitlement funds.

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-10	<p><b>Program Name</b> - Community Development Block Grant, CFDA #14.218</p> <p><b>Finding Type</b> - Material noncompliance/Material weakness/Reportable condition</p> <p><b>Criteria</b> - OMB Circular A-133 and Circular A-87 require the County to ensure that in reimbursement situations, draw down requests must be for immediate needs under the cash management compliance requirement. These provisions require the County's subrecipients entities to follow the same guidelines for timing of receipt of funds, as the grantee.</p> <p><b>Condition</b> - The County provided reimbursements for costs that were incurred by subrecipients prior to obtaining proof that the subrecipient had paid the vendor.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - Three subrecipient vouchers, out of 25 tested in total, had amounts whereby checks were not distributed to the vendor until several weeks after the subrecipient received reimbursement from the County. These amounts totaled \$96,785.</p> <p><b>Cause and Effect</b> - The County has no internal control procedures over the requirement that funds are to be used for immediate needs, which resulted in the improper subrecipient drawdown of grant monies for needs that were not immediate.</p> <p><b>Recommendation</b> - The County should implement internal control procedures to ensure that all subrecipient vouchers are properly supported by documentation that proves an immediate need.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The payments were made to municipalities based on invoices they submitted for support instead of evidence of payment. The community development division will no longer accept invoices as support, but will require that sub-grantees submit evidence of payment to the vendor before the County will make a reimbursement for the incurred expense.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-11	<p><b>Program Name</b> - Community Development Block Grant, CFDA #14.218</p> <p><b>Finding Type</b> - Material noncompliance/Material weakness/Reportable condition</p> <p><b>Criteria</b> - OMB-Circular A-133 requires subrecipient monitoring of pass-through entities to ensure the entities are complying with the applicable compliance requirements. In addition, County policies require periodic on-site monitoring of subrecipients.</p> <p><b>Condition</b> - The County did not perform any on-site visits during the current year. The County does monitor several of the required compliance requirements upon receipt of the application and voucher reimbursement requests.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - The County monitored its subrecipients compliance with required compliance categories through review of the application and voucher reimbursement request. The County did not perform any on-site visits during the current year; therefore, they were unable to perform required monitoring over the procurement, suspension and debarment, equipment and real property management, and rehabilitation compliance requirements.</p> <p><b>Cause and Effect</b> - Internal control procedures over subrecipient monitoring did not operate effectively as on-site monitoring visits were not completed during the current year. Inadequate monitoring of subrecipients could cause funds to be disbursed to subrecipients who are not compliant with program terms and agreements.</p> <p><b>Recommendation</b> - Internal control procedures should be enforced to ensure that the appropriate on-site monitoring of subrecipients is completed annually.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - In March 2007, an environmental and labor compliance officer was hired. The employee has prior CDBG experience. This will ensure that further site visits will be performed in a timely manner.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-12	<p><b>Program Name</b> - Community Development Block Grant, CFDA #14.218</p> <p><b>Finding Type</b> - Material noncompliance</p> <p><b>Criteria</b> - In order to recover indirect costs, grantees must prepare an indirect cost allocation plan that is certified by management as being an appropriate allocation of costs.</p> <p><b>Condition</b> - The County has two types of indirect costs, those charged through the indirect cost allocation plan and those referred to as chargebacks. The indirect cost allocation plan was certified by management, however, the certification referenced 2003 versus 2006. In addition, the chargeback allocation was not certified by management at the time it was used.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - The County has provided its cost allocation methodology and annual amounts to HUD and the plans appear to be properly documented and executed. However, the plans did not meet the internal certification requirements.</p> <p><b>Cause and Effect</b> - The County did not realize that the plans needed an annual certification by management. Consequently, the County's indirect costs might be deemed unallowable if not based on a certified cost allocation plan.</p> <p><b>Recommendation</b> - The County should strive to certify the plan methodology and actual results on an annual basis.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - In May 2007, the County prepared and signed an updated certification for the cost allocation plan (the "plan") implemented in 2006, a copy of which has been attached to each copy of the plan. This updated certification properly references fiscal year 2006. In future years, beginning with fiscal year 2007, the County will ensure that both the cost allocation plan and the chargeback allocation have appropriate internal certifications.</p>



# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-13	<p><b>Program Name</b> - Rouge National Wet Weather Demonstration Project, CFDA #66.606</p> <p><b>Finding Type</b> - Material noncompliance/Material weakness/Reportable condition</p> <p><b>Criteria</b> - OMB Circular A-133 requires subrecipient monitoring of pass-through entities to ensure the entities are complying with the applicable compliance requirements. In addition, County policies require periodic on-site monitoring of subrecipients.</p> <p><b>Condition</b> - The County verbally indicated that on-site monitoring visits were performed during the current year; however, no documentation of the on-site visit exists. Additionally, the County indicates that the on-site visit focuses on the status of the project and is not designed to verify the compliance with federal requirements.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - The County did not maintain documentation supporting the on-site monitoring of its subrecipients for applicable compliance requirements, specifically related to suspension and debarment, equipment, and real property management.</p> <p><b>Cause and Effect</b> - Internal control procedures over subrecipient monitoring did not operate effectively as there was no documentation to support on-site monitoring visits. Inadequate monitoring of subrecipients could cause funds to be disbursed to subrecipients who are not compliant with program terms and agreements.</p> <p><b>Recommendation</b> - Internal control procedures should be enforced to ensure that the appropriate on-site monitoring of subrecipients is completed annually and documented appropriately.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - For the fiscal year ending September 30, 2007, the grant project engineer is preparing a memo for each site visit. The memo includes the progress of the project, what the plan is for completion, what has been completed compared to what the grantee has reported, and that the compliance requirements were met.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-14	<p><b>Program Name</b> - Rouge National Wet Weather Demonstration Project, CFDA #66.606</p> <p><b>Finding Type</b> - Other noncompliance</p> <p><b>Criteria</b> - OMB-Circular A-87 and the A-102 Common Rule requires that the County have controls in place to ensure all time, activity, and other costs are sufficiently tracked and supported by documentation as part of the allowable and unallowed costs/cost principles compliance category.</p> <p><b>Condition</b> - One out of 70 timesheets selected for testing could not be located.</p> <p><b>Questioned Costs</b> - \$308</p> <p><b>Context</b> - The County could not locate the timesheet for one pay period selected for testing during the current year. The extrapolated questioned costs are \$11,151.</p> <p><b>Cause and Effect</b> - Internal control procedures over the documentation of timesheets did not operate effectively, resulting in program expenditures that are not supported by documentation.</p> <p><b>Recommendation</b> - Internal control procedures should be enforced to ensure that the appropriate documentation is maintained to support all program expenditures.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - This is an isolated instance and greater attention will be made for the retention of original timesheets. The department of environment, watershed division will also implement a procedure in which a copy of the approved timesheet will be centrally located in the grant program office.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-15	<p><b>Program Name</b> - Rouge National Wet Weather Demonstration Project, CFDA #66.606</p> <p><b>Finding Type</b> - Other noncompliance</p> <p><b>Criteria</b> - OMB Circular A-133 requires reporting of activities to the cognizant agency and the County's grant contract requires an annual financial status report by grant year be completed and submitted within 90 days of the end of the grant year for the reporting compliance requirement.</p> <p><b>Condition</b> - During a monitoring visit by the EPA during the current fiscal year, it was noted that the annual financial status report for the December 31, 2005 grant year was not filed with the cognizant agency. Additionally, the annual financial status report for the grant year ended December 31, 2006 was not completed by its due date of March 31, 2007, and, as of April 10, 2007 still had not been completed.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - The required annual reports were not completed and submitted to the cognizant agency.</p> <p><b>Cause and Effect</b> - Internal control procedures over reporting did not operate effectively as the reports were not completed and submitted. Inadequate controls could cause the program to miss report submission deadlines.</p> <p><b>Recommendation</b> - Internal control procedures should be enforced to ensure that the reporting is accurate, complete, and submitted by required due dates.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The department of environment - finance will closely monitor the due dates of filing of the Financial Status Report, FSR #269, to ensure that timely filing occurs. The Financial Status Report in question was filed on May 2, 2007.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-16	<p><b>Program Name</b> - Head Start, CFDA #93.600</p> <p><b>Finding Type</b> - Material noncompliance/Reportable condition</p> <p><b>Criteria</b> - OMB Circular A-133 requires monitoring of subrecipients to ensure the entities are complying with the applicable compliance requirements. In addition, County policies require periodic on-site monitoring of subrecipients.</p> <p><b>Condition</b> - The County performed subrecipient monitoring throughout the year; however, the procurement section was not complete on the monitoring programs. Additionally, the monitoring did not address the suspension and debarment criteria for purchase orders and contracts for goods and services greater than \$25,000.</p> <p><b>Questioned Costs</b> - None</p> <p><b>Context</b> - The County did not maintain documentation supporting the monitoring of its subrecipients for all applicable compliance requirements, specifically related to procurement; and the County was unaware that the suspension and debarment requirements also related to purchase orders, not just contracts.</p> <p><b>Cause and Effect</b> - Internal control procedures over subrecipient monitoring did not operate effectively as required compliance categories were not addressed and adequately documented. Inadequate monitoring of subrecipients could cause funds to be disbursed to subrecipients who are not compliant with program terms and agreements.</p> <p><b>Recommendation</b> - Internal control procedures should be enforced to ensure that the appropriate monitoring of subrecipients is completed annually.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-16 (Continued)	<p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The Wayne County Head Start Program will require its Head Start delegate agencies to include in their procurement procedures a requirement that goods or services procured equal or exceed \$25,000, the vendors will certify that neither they nor their principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal agency.</p> <p>Monitoring procedures will be revised to verify that vendors with purchase orders equal to or exceeding \$25,000 do not appear on the excluded parties list on the website <a href="http://www.epls.gov/">www.epls.gov/</a>.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-17	<p><b>Program Name</b> - VFC Immunization Grant/Infant Immunization Initiative, CFDA #93.268</p> <p><b>Pass-through Entity</b> - Michigan Department of Public Health</p> <p><b>Finding Type</b> - Other noncompliance/Reportable condition</p> <p><b>Criteria</b> - OMB Circular A-87 and the A-102 Common Rule requires that the County have controls in place to ensure all time, activity, and other costs are sufficiently tracked and supported by documentation.</p> <p><b>Condition</b> - Of the total 25 timesheets tested, one could not be located and 16 were not properly approved.</p> <p><b>Questioned Costs</b> - \$1,988</p> <p><b>Context</b> - The County did not have supporting documentation for all program expenditures. Additionally, not all timesheets were approved by the authorized individual. The County issued a time reporting policy on May 31, 2006 that specifically addressed the issue of recording time, the method of proper support, and the approval process. All timesheets selected after this date were properly approved. The extrapolated questioned costs are \$14,984.</p> <p><b>Cause and Effect</b> - Internal control procedures over timesheets did not operate effectively, resulting in program expenditures that are not supported by documentation.</p> <p><b>Recommendation</b> - Internal control procedures should be enforced to ensure that the appropriate documentation is maintained to support all program expenditures.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - The County project management of the VFC Vaccine/Infant Immunization Initiative has been obtaining timesheet approvals subsequent to the issuance of the May 31, 2006 time reporting policy. The department will continue to take the necessary steps to ensure that the policy regarding timesheets is followed.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-18	<p><b>Program Name</b> - VFC Immunization Grant/Infant Immunization Initiative, CFDA #93.268</p> <p><b>Pass-through Entity</b> - Michigan Department of Public Health</p> <p><b>Finding Type</b> - Material noncompliance/Material weakness/Reportable condition</p> <p><b>Criteria</b> - OMB-Circular A-133 and grant contract requires the County to ensure that federally procured vaccine is administered to eligible children only and properly documented per VFC guidelines.</p> <p><b>Condition</b> - Of the total 25 recipients tested, four recipients did not have appropriate documentation maintained in their clinic file indicating proper eligibility requirements were met.</p> <p><b>Questioned Costs</b> - Unknown</p> <p><b>Context</b> - The County did not have supporting documentation for the eligibility of four recipients of the vaccines.</p> <p><b>Cause and Effect</b> - Internal control procedures over documentation of eligibility did not operate effectively, resulting in recipients that may or may not be eligible for the program.</p> <p><b>Recommendation</b> - Internal control procedures should be enforced to ensure that the appropriate documentation is maintained to support that all eligibility requirements have been met.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - In offering the vaccine for children program, the Health Department performs an assessment as to the immunizations previously given, determines which immunizations are needed, and verifies the child's eligibility. The Department, through its in-service training, given monthly, will re-emphasize to staff the importance of obtaining the parent/guardian's signature.</p>

# Charter County of Wayne, Michigan

## Schedule of Findings and Questioned Costs (Continued) Year Ended September 30, 2006

### Section III - Federal Program Audit Findings (Continued)

Reference Number	Findings
2006-19	<p><b>Program Name</b> - Urban Area Service Initiative, CFDA 97.008</p> <p><b>Pass-through Entity</b> - Michigan State Police</p> <p><b>Finding Type</b> - Material noncompliance/Reportable condition/Material Weakness</p> <p><b>Criteria</b> - OMB Circular A-133 requires that for contracts greater than \$25,000, the required suspension and debarment certifications are received.</p> <p><b>Condition</b> - For six out of seven contracts for goods or services greater than \$25,000, the required suspension and debarment certifications were not received.</p> <p><b>Questioned Costs</b> – None</p> <p><b>Context</b> - The County did not receive the required suspension and debarment certifications when the County purchased equipment greater than \$25,000.</p> <p><b>Cause and Effect</b> - Internal control procedures over suspension and debarment requirements did not operate effectively as required compliance categories were not addressed and adequately documented. Inadequate monitoring of suspension and debarment could cause funds to be disbursed to vendors who are not eligible to have goods purchased with federal monies.</p> <p><b>Recommendation</b> - Internal control procedures should be initiated and enforced to ensure that the appropriate suspension and debarment certifications are received.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - In fiscal year 2006/2007, the department of management and budget will issue a policy addressing suspension and debarment, contract, and purchase order language.</p>